



CITY OF LODI COUNCIL COMMUNICATION

AGENDA TITLE: Adopt Resolution Authorizing Three-Year Extension of Existing Telephone Service Contract with SBC (\$231,333 per year)

MEETING DATE: December 21, 2005

PREPARED BY: Information Systems Manager

RECOMMENDED ACTION: Adopt resolution authorizing the City Manager to extend the current contract with SBC, of Stockton, under the terms of the State of California CALNET contract, for three (3) years for telephone services and hardware ending in November 2008.

BACKGROUND INFORMATION: The existing CALNET contract Authorization to Order (ATO) expired on November 10, 2005, but will auto-renew one additional year if no action is taken. However, after November 2006 SBC services will fall back to straight tariff pricing, which is two to three times higher than the current pricing under the terms of the State of California CALNET agreement. SBC is offering to lock in the current CALNET pricing if the City signs a renewal contract that expires in 2008. Over the past five years the City Council has allowed staff to purchase telephone services and equipment from SBC under the terms of the State of California competitively bid CALNET contract; related Council resolutions 99-53, 99-106, and 2001-220.

The State of California is currently working on a new agreement called CALNET II. The SBC contract extension to 2008 will honor the terms of the original CALNET contract, and allows the City of Lodi to terminate the contract without penalty should a newer CALNET agreement become available. It is anticipated that the State of California will award the CALNET II contract sometime during 2006 or 2007.

The CALNET agreement has been written with a refresh clause that ensures that the State (and the City) will get the lowest prices for goods and services during the term of the contract. The current CALNET contract ends in 2005.

CALNET agreement refresh clause:

17. ANNUAL SERVICE REVIEW

For the purpose of maintaining competitiveness throughout the term of this Agreement, Contractor agrees to a joint review of its pricing and service functionality, and marketing efforts annually to ensure State and its customers will receive cost and technologically competitive services throughout the terms of the Agreement. Contractor agrees that no other customer of Pacific Bell (SBC) and MCI, collectively or as individual companies, will receive better rates for a substantially similar suite of services offered under substantially similar terms and conditions when the volume of business from the other customer is equal to or less than the volume of business the State delivers under this Agreement.

Revised: Amendment No. 1 - 12/4/98

APPROVED: Blair King
Blair King, City Manager

It is therefore staff's recommendation that the City Council authorize a three-year extension to the existing SBC contract in order to avoid expiration of the current contract and having the City pay tariff rates, with the understanding that the City retains the option of canceling the contract should terms be found more favorable under the proposed CALNETII agreement.

FISCAL IMPACT: There will be no fiscal impact by approving the extension, as recommended. However, the City's telephone costs could dramatically increase next year if the contract is not extended.

FUNDING: Telephone Budget (100242.7335)


James R. Krueger, Deputy City Manager

Respectfully Submitted,


Steve Mann
Information Systems Manager

Prepared by Mark White, Information Systems Coordinator

CMW

cc: Janice Magdich, Deputy City Attorney
Joel Harris Purchasing Officer

EXHIBIT B-3 - AUTHORIZATION TO ORDER

EXHIBIT B-3
AUTHORIZATION TO ORDER UNDER STATE AGREEMENT
(TERM COMMITMENT)
(Please print or type clearly)

Pacific Bell ("Pacific"), MCI Telecommunications Corporation ("MCI") (collectively, "Contractor") and the State of California ("State") have entered into an Agreement for the Provision of Telecommunications Service(s) and Products, dated December 4, 1998 ("Agreement"). The term of the Agreement ends December 3, 2005. The State may, at its sole discretion, extend the Agreement for three additional one year periods. Pursuant to the Agreement, which is incorporated herein by reference, Municipalities of the State are allowed to order services and products out of the Agreement ("Service") upon execution of this Authorization to Order. A description of the Service, applicable rates and charges and the specific terms and conditions under which the Service will be provided to Municipalities of the State (e.g., cities, counties, school districts and other such entities of the State) are fully set forth in the Agreement.

1. CITY OF LODI desires to order the Service(s) identified in Attachment 1 to this Authorization to Order, which is incorporated herein by reference, and Contractor agrees to provide such Service(s) pursuant to this Authorization to Order and the terms and conditions and rate tables contained in the Agreement. Municipality agrees, with respect to the specific Service identified in Attachment 1, to utilize the Agreement as Municipality's single source for procuring the particular Service Identifier (e.g., Local Usage, Centrex, Dedicated Services, Building Wiring, Pacific Bell Voice Mail) listed in the applicable Service Categories (i.e., Line Side Products and Services, Voice Network Products and Services, Data Products and Services, Additional Required Products and Services, and Other Services) during the term of the Authorization to Order. For example, if Municipality selects the Service Category Data Products and Services and the Service Identifier Dedicated Services, Municipality is agreeing to utilize the Agreement as Municipality's single source for procuring all Dedicated Services and services possessing largely equivalent applications to the Dedicated Services.

2. Contractor shall bill Municipality and Municipality shall pay Contractor pursuant to this Authorization to Order and the terms and conditions and rate tables contained in the Agreement.

3. This Authorization to Order shall become effective upon execution by Municipality, Contractor, and the Department of General Services, Telecommunications Division ("Effective Date"). Upon the Effective Date, this Authorization to Order supersedes and replaces in its entirety the Authorization to Order dated November 10, 2000, issued under the Agreement. Unless sooner terminated as provided herein, this Authorization to Order shall remain in effect for the term Municipality has indicated below (check one).

 X Three-years from the Effective Date, but not beyond December 3, 2008. This Authorization to Order is subject to one year extensions, but in no event shall any such extension extend beyond December 3, 2008. Contractor shall provide Municipality with 60 days' notice of the scheduled expiration date and the intended extension of the Authorization to Order. Each one year extension will occur automatically unless Municipality provides Contractor with written notice of Municipality's intent not to renew this Authorization to Order at least 30 days' prior to the scheduled expiration date of this Authorization to Order. Any work in progress or Service provided under this

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Authorization to Order at the time the Agreement expires or is terminated shall be handled as set forth in the second paragraph of Section 4 below.

_____ This Authorization to Order shall continue in effect from the Effective Date through the remainder of the term of the Agreement. In the event Contractor and the State extend the term of the Agreement, Contractor shall provide Municipality with 60 days' notice of the intended extension of the Agreement. The term of this Authorization to Order will be automatically extended to match the new term of the Agreement unless Municipality provides 30 days' notice to Contractor prior to the automatic extension of its intent not to renew this Authorization to Order. Any work in progress or Service provided under this Authorization to Order at the time the Agreement is terminated shall be handles as set forth in the second paragraph of Section 4 below.

_____ years from the Effective Date, but not beyond December 3, 2008. (Applies only to Services with term pricing as specifically authorized in the applicable Rider B and Rider C.) This Authorization to Order is subject to one year extensions, but in no event shall any such extension extend beyond December 3, 2008. Contractor shall provide Municipality with 60 days' notice of the scheduled expiration date and the intended extension of the Authorization to Order. Each one year extension will occur automatically unless Municipality provides Contractor with written notice of Municipality's intent not to renew this Authorization to Order at least 30 days' prior to the scheduled expiration date of this Authorization to Order. Any Services with term pricing provided under this Authorization to Order at the time the Agreement expires or is terminated shall be handled as set forth in the second paragraph of Section 4 below.

4. A. If Municipality, prior to the expiration of the term set forth in preceding paragraph, (i) terminates this Authorization to Order, (ii) disconnects over 50% of a particular Service provided pursuant to this Authorization to Order, or (iii) disconnects any portion of a Service provided pursuant to this Authorization to Order and replaces the disconnected Service with a different service/functionality in violation of Section 1 above, Municipality shall pay one of the following termination charges: (a) if Municipality terminated all of a particular Service, a termination charge based on 65% of the Municipality's highest bill for the disconnected Service provided hereunder multiplied by the number of months remaining in the term of this Authorization to Order, plus any unrecovered nonrecurring charges owed to Contractor on the date of termination; or (b) if Municipality terminated less than all of a particular Service, a termination charge based on the monthly charges for the terminated Service multiplied by the number of months remaining in the term of this Authorization to Order, plus any unrecovered nonrecurring charges owed to Contractor on the date of termination. Notwithstanding the preceding sentence, no termination charge shall apply if all existing traffic volumes carried by the terminated service has been migrated to a like-Service offered under this Agreement.

Notwithstanding the preceding sentence, if the State terminates the Agreement, in whole or in part, prior to the expiration of this Authorization to Order, Municipality may, with respect to the Service terminated by the State, (i) continue to subscribe to the Service under the terms of the Agreement for the remainder of the term of this Authorization to Order, (ii) terminate the Service without term pricing under this Authorization to Order without being subject to the termination charge set forth above, or (iii) terminate the Services with term pricing under this Authorization to Order and be subject to the termination charge set forth above.

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B. Notwithstanding the first sentence in Section 4.A. above, if, after the first fiscal year in which a particular Service acquired hereunder is installed, funds are not appropriated to continue paying for that particular Service in a subsequent fiscal year or universal service discounts are not received to enable Municipality to pay for that particular Service in a subsequent year, then Municipality may terminate this Authorization to Order as it relates to that particular Service as of the last day for which funds were appropriated or universal service discounts were received ("Date of Termination"), without being subject to the termination charge set forth above; provided, however, that Municipality shall be obligated to pay all charges incurred through the Date of Termination, plus any unrecovered nonrecurring charges which may be owed Contractor on the Date of Termination. Municipality shall use its best efforts to obtain funding or universal service discounts for the particular Service provided hereunder.

(i) If the federal universal service discount program is discontinued, Municipality may terminate this Authorization to Order as set forth in Section 4.B. above.

(ii) If Municipality exercises its right to terminate this Authorization to Order for non-appropriation or ineligibility to receive universal service discounts under the then current program, Municipality agrees not to obtain substantially similar equipment and/or services to replace those provided hereunder for one year following the Date of Termination. Municipality may exercise such right to terminate upon delivery to Contractor of a 30 day written notice setting forth the reason for termination and within 30 days following the delivery of such written notice, Municipality shall provide Contractor a legal opinion of counsel that no funds have been appropriated or otherwise made available for payments due under this Authorization to Order or that Municipality is ineligible to receive universal service discounts under the Agreement and funds have not been made available for the acquisition of substantially similarly equipment and/or services to replace those provided hereunder.

5. Municipality, upon execution of this form, certifies that Municipality understands that Contractor and the State may, from time to time and without Municipality's consent, amend the terms and conditions of the Agreement thereby affecting the terms of the Service Municipality receives from Contractor. Municipality further understands that the State will have access to all billing information, including that of the Municipality, for the sole purpose of conducting audits pertaining to Contractor's performance under the Agreement.

6. Municipality, upon execution of this form, certifies that Municipality has received and has reviewed the terms and conditions, including the rates and charges, of the Agreement.

7. Whenever any notice or demand is to be given under this Agreement to Contractor or Municipality, the notice shall be in writing and addressed to the following:

Municipality:
CITY OF LODI
221 West Pine Street, P.O. Box 3006
Lodi, CA 95241-1910
Attn: Mark White

Contractor:
Pacific Bell/MCI
610 Sequoia Pacific Blvd.
Sacramento, CA 95814
Attn: Contract Program Manager

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Notices delivered by overnight courier service (U.S. Express Mail, Federal Express, Purolator or Airborne) shall be deemed delivered on the day following mailing. Notices mailed by U.S. Mail, postage prepaid, registered or certified with return receipt requested, shall be deemed delivered five (5) days after mailing. Notices delivered by any other method shall be deemed given upon receipt.

IN WITNESS WHEREOF, the parties hereto have caused this Authorization to Order to be executed on the date shown below by their respective duly authorized representatives.

CONTRACTOR

CITY OF LODI

(Municipality)

By: _____

By: _____

Print Name: _____

Print Name: _____

Title: _____

Title: _____

Date Signed: _____

Date Signed: _____

Approved By:
Department of General Services,
Telecommunications Division

Approved as to form

Deputy City Attorney

By: _____

Print Name: _____

Title: _____

Date Signed: _____

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Services Selected	VOICE NETWORK – PRODUCTS AND SERVICES	Customer Initials
X	Local Usage	X
	Group Video	
	Advanced Intelligent Network (CVN)	
Services Selected	LINE SIDE – PRODUCTS AND SERVICES	Customer Initials
X	Bus Access Lines	X
X	ISDN	X
	Centrex	
	ACD (Centrex)	
	Acct. Codes	
X	PBX Trunks	X
X	SuperTrunk	X
	CompuCall	
Services Selected	DATA – PRODUCTS AND SERVICES	Customer Initials
X	Dedicated Services: Analog Circuits, Adv. Digital Network, HICAP/T1, DS3, SONET Circuit Svc.	X
	SONET Dedicated Ring (ICB)	
X	PRI ISDN	X
X	Frame Relay & ATM: Frame Relay, ATM	X
	Managed Frame Relay	
	DSL	
Services Selected	ADDITIONAL REQUIRED – PRODUCTS AND SERVICES	Customer Initials
	Bldg. Wiring Services: Wiring, Jacks Inside Wire Repair Plan (Voice) Inside Wire Repair Plan (Data)	
X	Billing Products	X
Services Selected	OTHER SERVICES – PRODUCTS AND SERVICES	Customer Initials
X	Pacific Bell Internet Services	X
	Pacific Bell Information Services IVR/Call Router	
	Pacific Bell Information Services Voice Mail	

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PACIFIC BELL MCI

RESOLUTION NO. 2005-260

A RESOLUTION OF THE LODI CITY COUNCIL AUTHORIZING THE
CITY MANAGER TO EXTEND THE CURRENT CONTRACT WITH SBC
UNDER THE TERMS OF THE STATE OF CALIFORNIA CALNET
CONTRACT FOR THREE YEARS FOR TELEPHONE SERVICES AND
HARDWARE ENDING NOVEMBER 2008

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NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council does hereby
authorize the City Manager to extend the current contract with SBC, of Stockton, under the
terms of the State of California CALNET contract for a period of three years for telephone
services and hardware ending November 2008.

Dated: December 21, 2005

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I hereby certify that Resolution No. 2005-260 was passed and adopted by the City
Council of the City of Lodi in a regular meeting held December 21, 2005, by the following
vote:

AYES: COUNCIL MEMBERS – Beckman, Hansen, Johnson, Mounce
and Mayor Hitchcock

NOES: COUNCIL MEMBERS – None

ABSENT: COUNCIL MEMBERS – None

ABSTAIN: COUNCIL MEMBERS – None


SUSAN J. BLACKSTON
City Clerk